

*“Light at the end of the tunnel”*

City of Minneapolis - 2004 Budget Address

Mayor R.T. Rybak

August 14, 2004

# Today's Presentation

Part I: 2004 Budget Overview

Part II: Five Major Strategies

- Do more with less, through innovation and reform
- Protect and strengthen our public-safety capacity
- Develop fairer and more diverse revenue sources
- Stabilize and focus community development
- Build the bridge to a better financial future

Part III: Little Things that Matter

Part IV: Taxes and Affordability

Part V: Summary

# Part I: 2004 Budget Overview

Because of good work, I have good news today:

- **Public Safety Protected:** despite huge LGA cuts, there will be no cuts in Police and Fire.
- **Our Employees Will Be On the Job:** laid-off Firefighters and Police CSOs are coming back; citizens will see more “cop time on the street.”
- **Minimal Cuts in Other Departments:** while cuts made in 2003 must be maintained, deeper cuts avoided for other city services.

## *Budget Overview, continued...*

- **Community Development Stabilized:** smaller, but stable funding stream established for housing and economic development, including NRP; aligned with city priorities and targeted to those most affected by state cuts.

## How Was the Budget Balanced?

- **Tough, Timely Choices**
- **Leaner, More Efficient Government**
- **Fiscally Responsible Use of Legacy Fund**
- **Tax and Wage Policy Maintained**

## *Budget Overview, continued...*

We are taking a balanced, long-term approach:

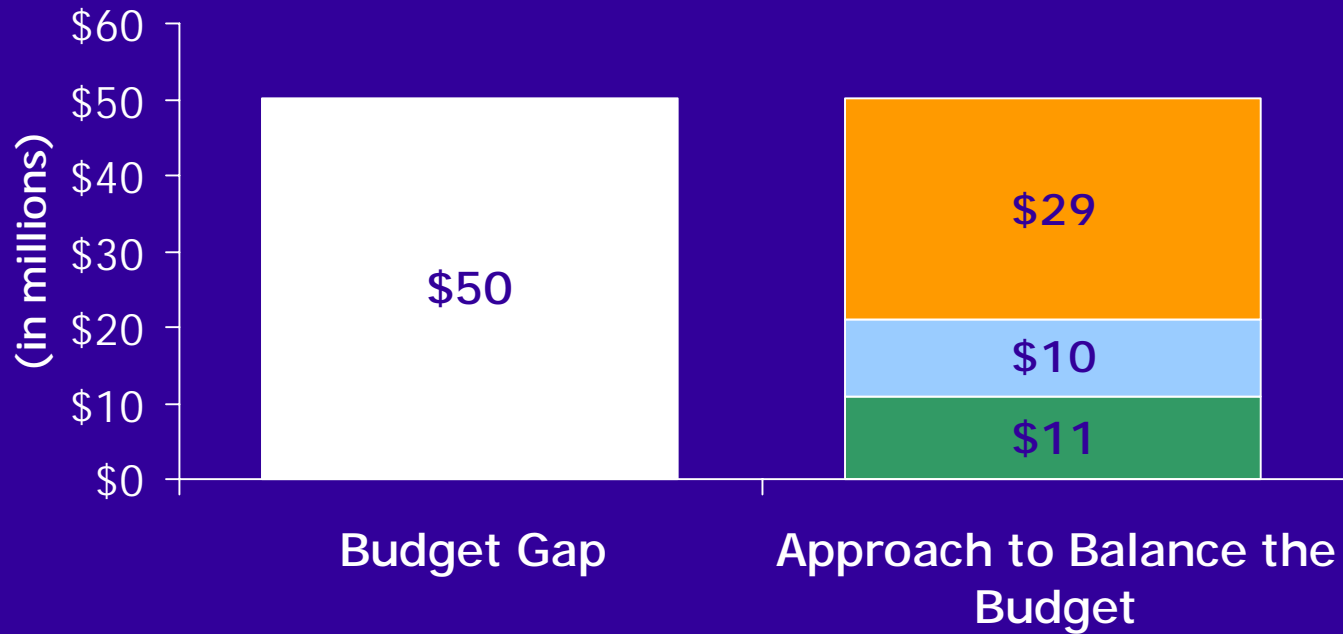
**Cut Spending.** We cut \$20M from our 2003 budget at mid year. While we kept the cuts to public safety smaller, proportionately, every City service supported by property tax was affected.

**Raise Revenue.** The City will raise \$13.2M in new revenue, while maintaining an 8% cap on annual increases in the City's portion of property tax. I am committed to holding the line on our tax policy.

**Reduce Costs and Reform Government.** The Council and I have agreed not to approve future labor contracts with more than 2% wage increases. Without this policy, services would have been cut deeper, and 500 employees would have lost their jobs over 5 years.

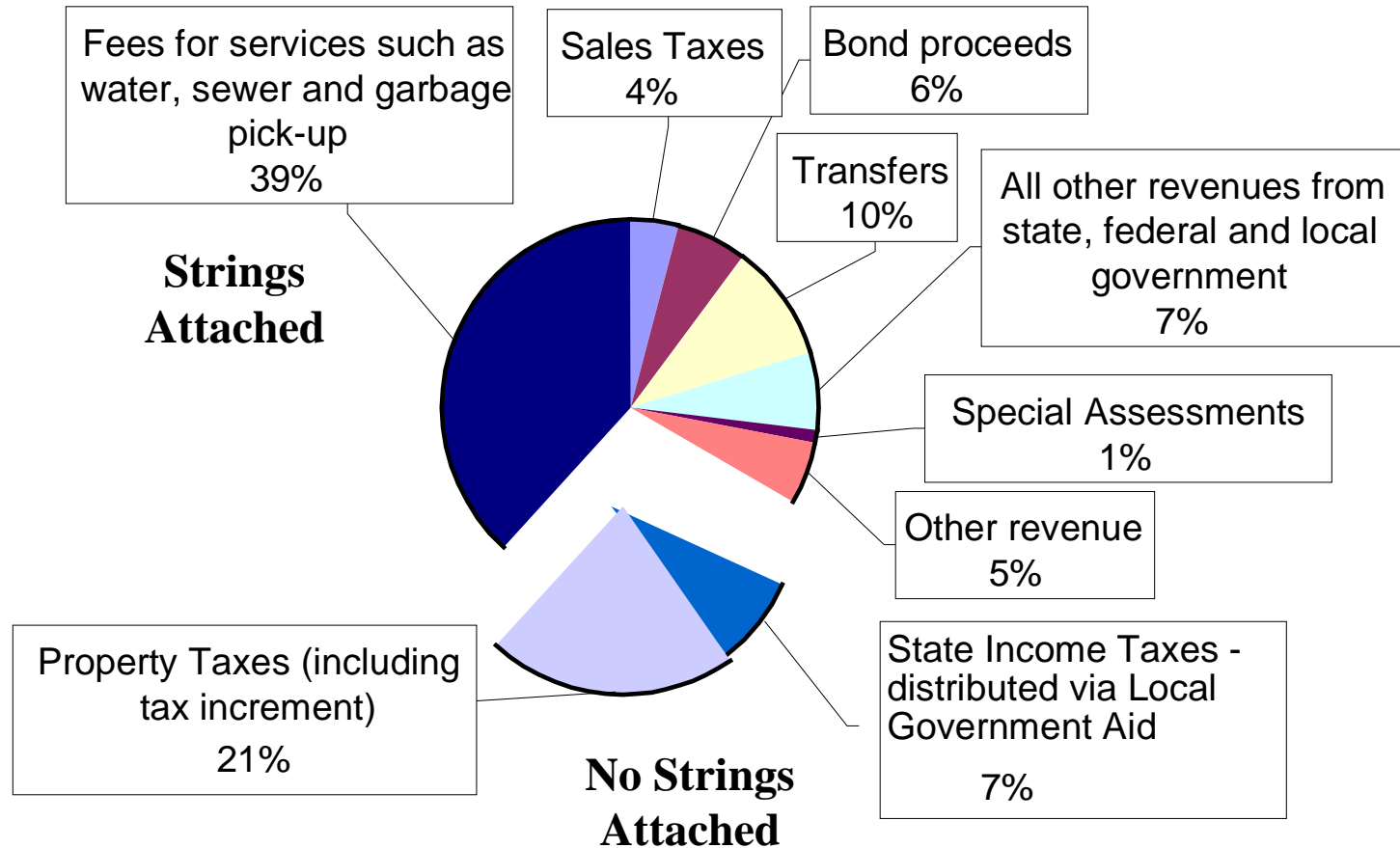
**Five-Year Financial Plan.** Continues to guide our decisions.

# Balanced Approach to Budget Gap



- Spending cuts
- Other revenue increases
- Property tax levy increase
- Demand for additional resources

# Most City Revenue has Strings Attached



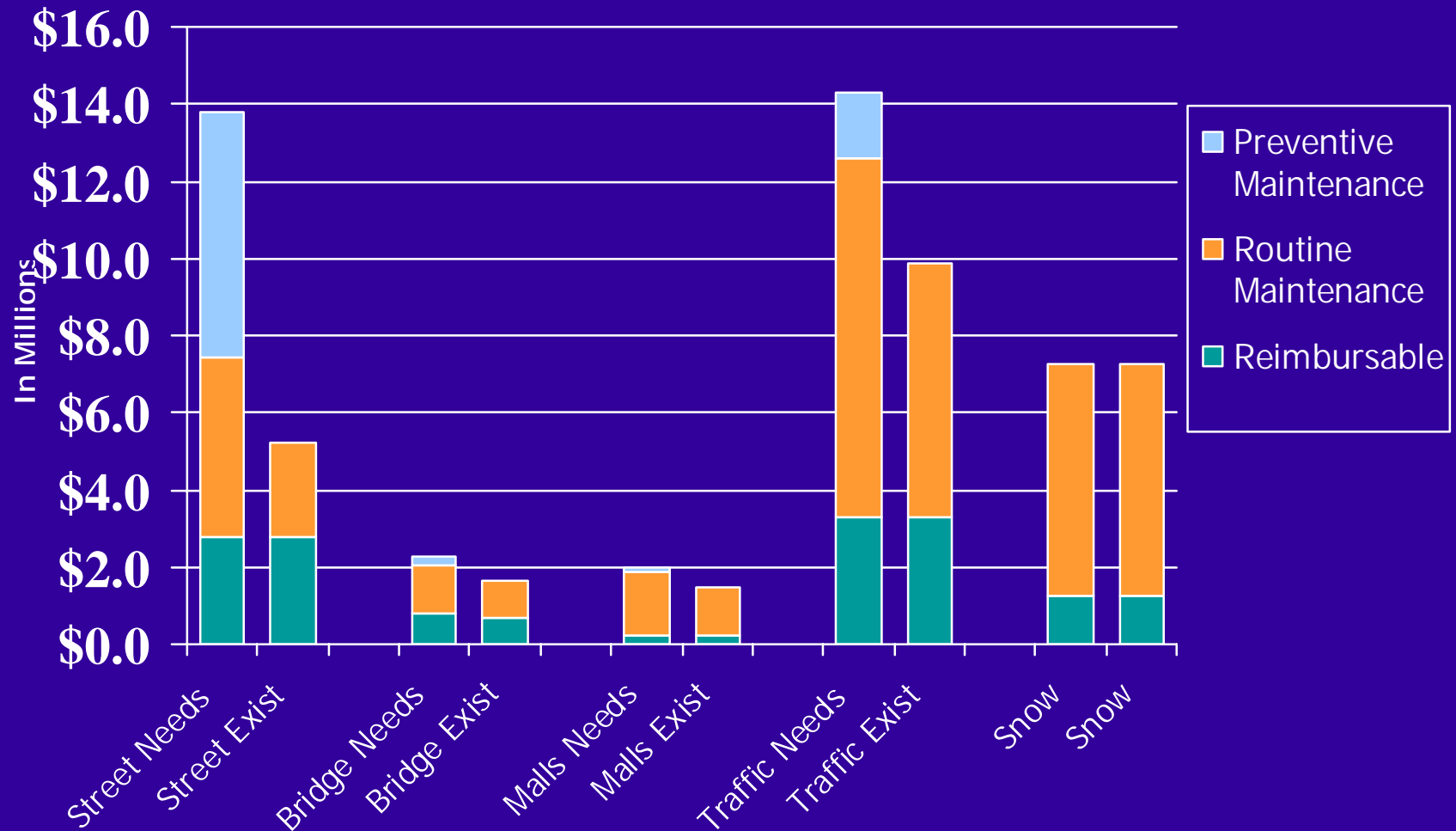
# Part II: Five Major Strategies

2004 budget is built on five related strategies:

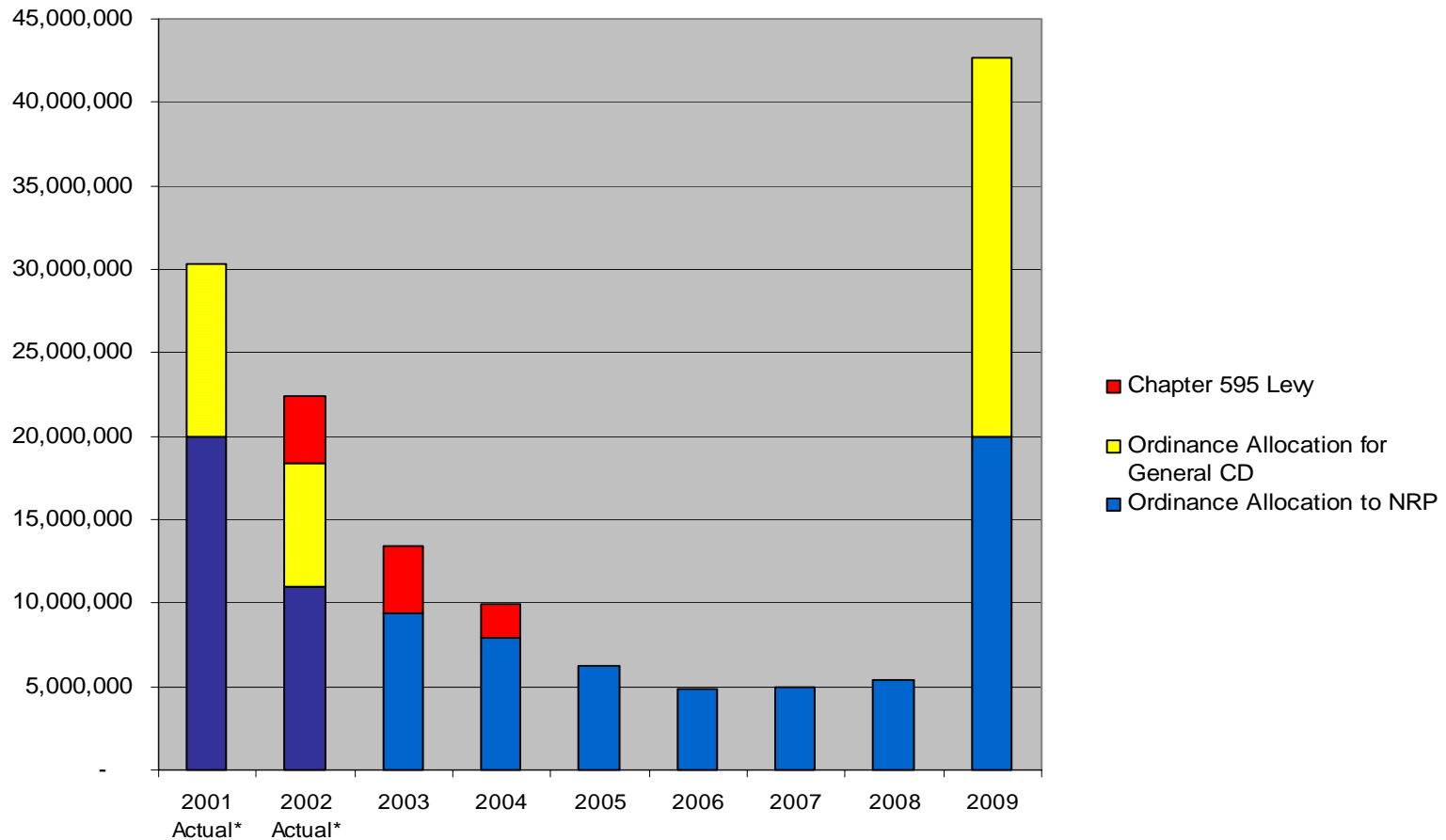
- 1. Do more with less, through innovation and reform**
- 2. Protect and strengthen our public-safety capacity**
- 3. Develop fairer and more diverse revenue sources**
- 4. Stabilize and focus community development**
- 5. Build the bridge to a better financial future**



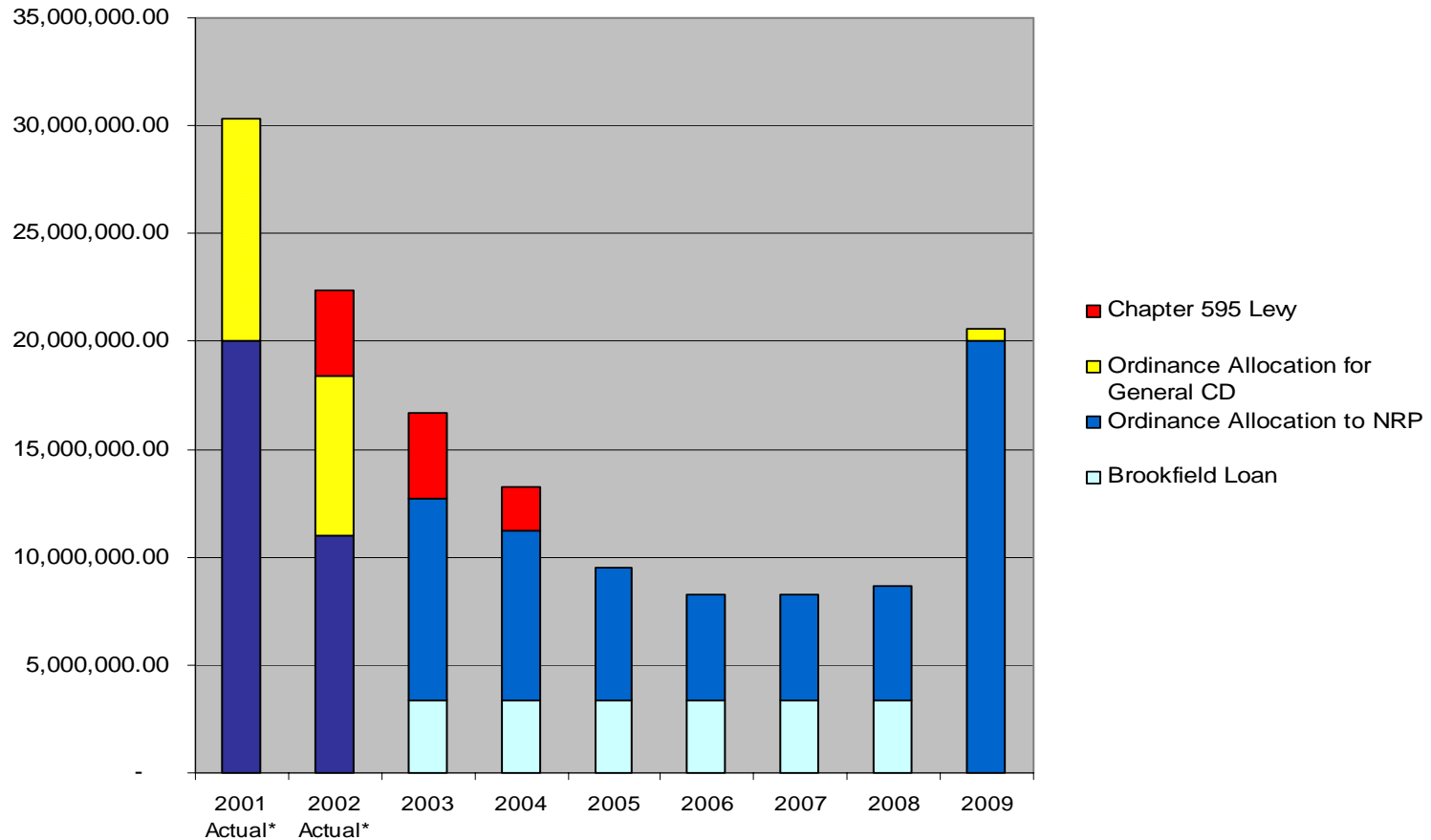
# Transportation Fund Maintenance and Operation Needs Compared to Existing Funding



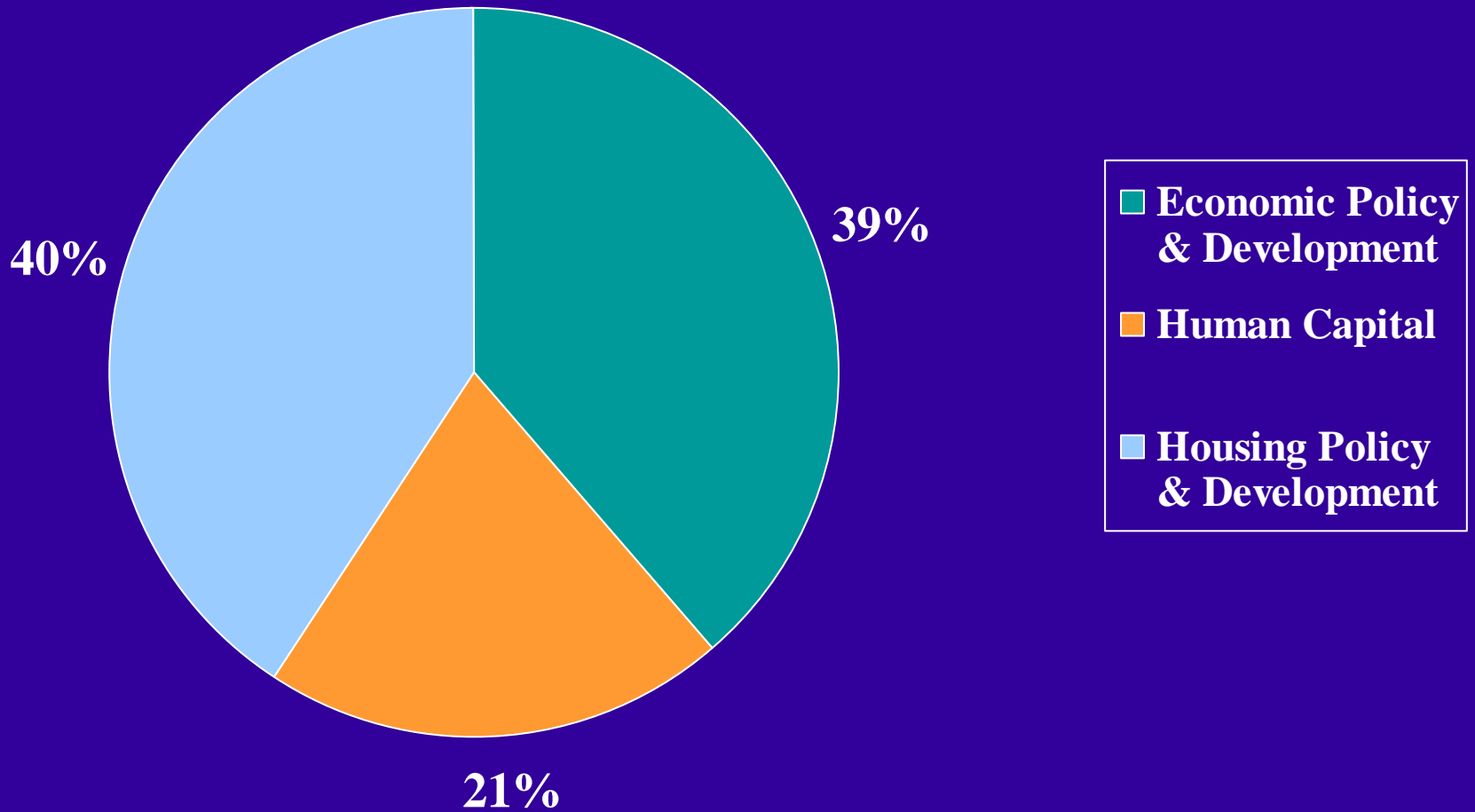
# CD/NRP Resources without Legacy Fund



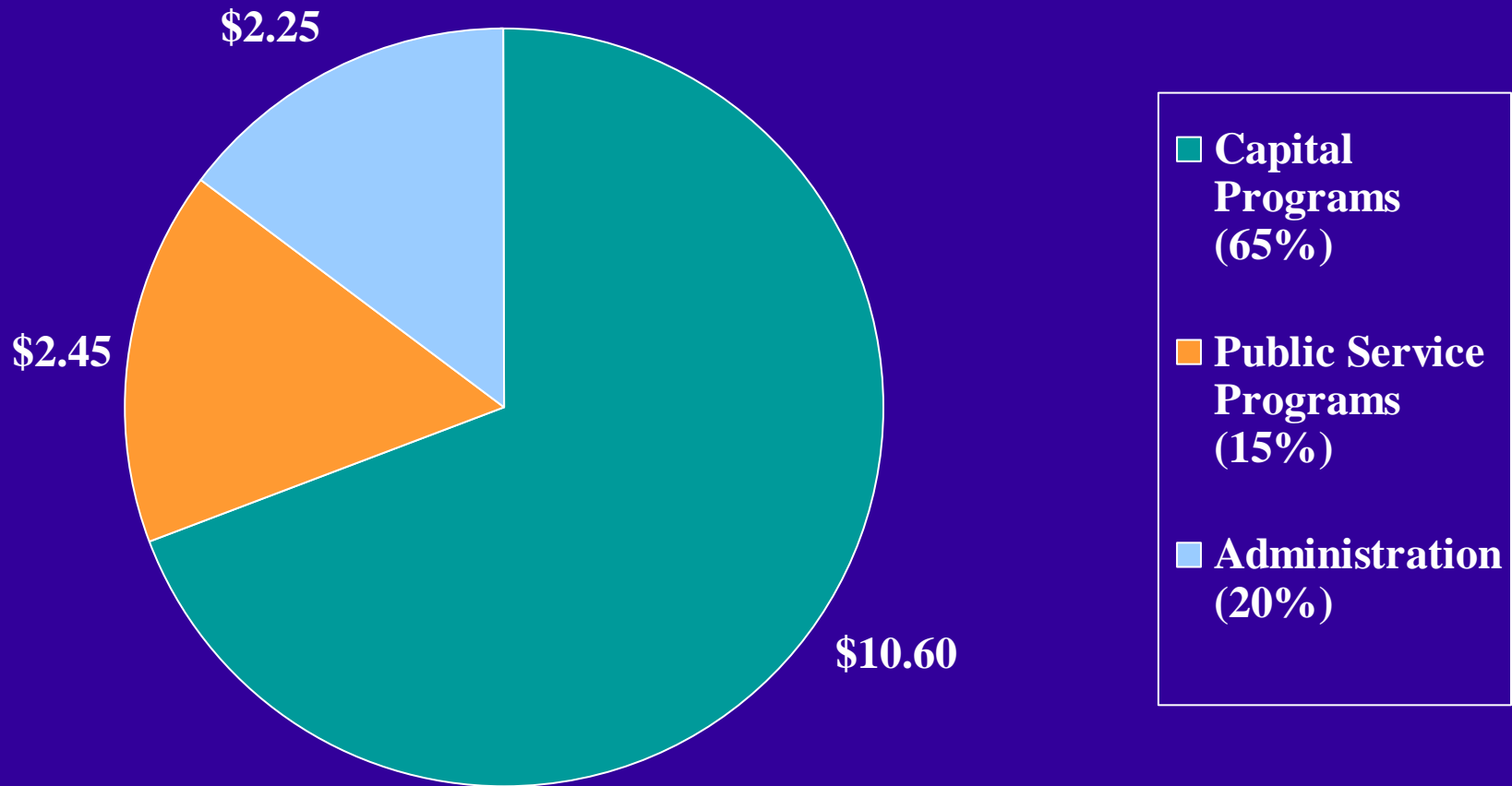
# CD/NRP Resources with Legacy Fund



# Preliminary CPED 2004 Allocations



# Recommended CDBG Allocations



(Figures in millions of dollars.)

# Part III: Little Things that Matter

While minding the “forest,” let’s not lose sight of the “trees;” the little things that make our City livable:

- **Boulevard Trees**
- **Graffiti Removal**
- **Bike Trails**
- **Skate Parks**
- **Public Art**

# Part V: Summary

## Public Safety Protected

- Despite huge LGA cuts including a last minute additional \$1.8 million cut, there will be no cuts in Police and Fire.
- \$2.8M investment to target repeat offenders.

## Our Employees Will Be On the Job

- Diverse groups of laid-off Firefighters and Police Community Service Officers are coming back.
- Citizens in crime-impacted neighborhoods will see more “cop time on the street.”

*Summary, continued...*

## Minimal Cuts in Other Departments

- While deep cuts made in 2003 must be maintained, deeper cuts avoided for other city services.

## Community Development Stabilized

- Smaller, but stable funding stream established for housing, jobs and economic development activities including the Neighborhood Revitalization Program (NRP).
- Activities will be aligned with city priorities and targeted to those most affected by state cuts.



*Summary, continued...*

## How Was the Budget Balanced?

- **Tough Choices.** By making tough choices when LGA cuts were announced, we avoided deeper cuts later.
- **Leaner, More Efficient Government.** Reforms & management efficiencies like CPED reforms and transferring some inspections work to the Fire department mean we can do more with less.
- **Fiscally Responsible Use of Legacy Fund.** Using a portion of the proceeds from sale of the Hilton Hotel to pay down debts and eliminate \$1.5 million in annual debt payments.

## *Summary, continued...*

- **Tax Policy Maintained.** Budget stays within adopted tax policy that caps City's share of property taxes increases at 8 %. \$4% goes just to pay off past debts.
- **Wage Policy Maintained.** If we had not passed a 2% cap on wage increases, the City would have had to make \$5 million more in cuts.

*Summary, continued...*

## Unmet Need for 2005/Biggest Challenge for 2005

- **Funding Needed for Street, Bridge & Light Maintenance**
- The last minute additional LGA cut “blew up the bridge” we were building to more stable public works funding in the future.
- The challenge in 2004 will be to pursue new revenue sources. That challenge is now more urgent due to additional cuts.

*Summary, continued...*

## The Big Picture and the Little Things that Matter

- **“While we keep an eye on the forest, let’s not lose sight of the trees.”**
- While we must focus most of our attention on the “forest” of the City’s financial condition and the basic services we provide, we must not lose sight of the “trees” – the many small things that make our City livable.
- Our trees themselves are one good example. Many have been lost to Dutch Elm, and we must reinvest in this simple treasure that makes our city great.

*Summary, continued...*

## Mayor's 2004 Budget Forums:

- Monday, August 18, 7:00-8:00, **St Mary's Greek Orthodox Church**, 3450 Irving Ave. S
- Thursday, August 21, 7:00-8:00, **North Regional Library**, 1315 Lowry Ave. N
- Tuesday, September 2, 7:00-8:00, **Lake Hiawatha Park**, 2701 E 44th St.
- Wednesday, September 3, 7:00-8:00, **Lynnhurst Community Center**, 1345 W Minnehaha Pkwy.
- Monday, September 15, 7:00-8:00, **Brackett Neighborhood Center**, 2728 39th Ave. S

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